EMAKHAZENI LOCAL MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2006

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 24, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 12 & 13 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Revenue of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with the Act.

Municipal Manager Date

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

Chairperson: Executive Mayor: Ms. L. Mohlala
Mr. A.M. Mbethe
Ms. C. Motau

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor-General Nelspruit Office

BANKERS

First National bank
620 281 95510

REGISTERED OFFICE

25 Scheepers Street
Belfast, 1100

COUNCIL MEMBERS

Mr. X.S. Ngwenya Speaker
Mr. L.S. Meyer
Mr. F.G. Sibanyoni
Ms. A.A. Botha
Ms. N.A. Mashele
Mr. J.M. Mabila
Ms. E.S. Radebe
Ms. T.I. Soko
Mr. M.U. Hadebe
Mr. T.E. Mahlangu

APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 5 to 24 were received by the Municipal Manager on 17 August 2006 and will be presented to and approved by the Council.

MUNICIPAL MANAGER

FOREWORD BY HER WORSHIP THE MAYOR

MAYOR

DIRECTOR OF FINANCIAL SERVICES REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in Appendices D and E. The overall operating results for the year ended 30 June 2006 are as follows:

INCOME	ACTUAL		VARIANCE	BUDGET	VARIANCE
	2005	2006	2005/2006	2006	BUDGET/ACTUAL
	R	R	%	R	%
Unappropriated Surplus - beginning of year	21,912,990	21,593,812	-1.46%	-	
Operating (Deficit)/Surplus for the year	(319,178)	1,334,742	-518%	(626,137)	
Unappropriated Surplus - end of year	21,593,812	22,928,554	6.2%	(626,137)	

1.1 RATES AND GENERAL SERVICES

	ACTUAL		VARIANCE	BUDGET	VARIANCE
	2005	2006	2005/2006	2006	BUDGET/ACTUAL
	R	R	%	R	%
INCOME	29,418,223	40,265,384	37%	49,481,605	19%
EXPENDITURE	(31,493,133)	(39,265,605)	25%	(46,966,805)	16%
	(2,074,910)	999,779		2,514,800	

1.2 TRADING SERVICES

	ACTUAL		VARIANCE	BUDGET	VARIANCE
	2005	2006	2005/2006	2006	BUDGET/ACTUAL
	R	R	%	R	%
INCOME	16,182,825	15,334,275	-5%	15,149,647	1.2%
EXPENDITURE	(13,561,601)	(14,757,515)	9%	(17,038,310)	15.5%
	2,621,224	576,760		(1,888,663)	

2. CAPITAL EXPENDITURE

Capital Expenditure on fixed assets during the year amounted to R6,334,432 (R11,647,394. 2005)

	ACTUAL 2006 R	BUDGET 2006 R	ACTUAL 2005 R	VARIANCE BUDGET/ACTUAL
Capital Expenditure	6,334,432	12,374,947	11,647,394	49%
	6,334,432	**12,374,947**	**11,647,394**	

The resources used to finance the fixed assets were as follows:

	ACTUAL 2006 R	BUDGET 2006 R	ACTUAL 2005 R	VARIANCE BUDGET/ACTUAL
Contribution from Income	2,146,767	2,673,732	648,463	20%
Donations	4,300	0		
	2,151,067	**2,673,732**	**648,463**	

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding amounted to R36,900 as at 30 June 2006 (R121,545 in 2005) as set out in Appendix B. No Loans were taken up during the year.

Grants and Subsidies totaling R11,071,376 (R7,685,292 in 2005) were received during the year.

Investments on 30 June 2006 amounted to R10,514,999 (R10,873,664 in 2005). Investments were

reduced by R358.665

More information regarding loans and investments is disclosed in notes 5 as well as Appendix B to the financial statements.

4. FUNDS AND RESERVES

More information regarding the funds and reserves is disclosed in notes 1 and 2 as well as Appendix A to the financial statements.

5. PROVISIONS

The following provisions were increased in the 2005/06 financial year.

Provision Leave Pay : R125,460
Provision for Bad Debts : R3,645,691

6. EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Members of the Executive Committee, Councillors, the Municipal Manager, Heads of Department, National Treasury and the staff of the Finance Department for their support and assistance in the preparation of these financial statements.

MR. BL MAHLANGU
DIRECTOR OF FINANCIAL SERVICES

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd Edition as amended)

1.2 The financial statements are prepared on the historical cost basis, adjusted for Capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
The financial statements are prepared on the accrual basis:
- income is accrued when collectable and measurable
- levy income is accrued when received
-expenditure is accrued in the year it is incurred

2 FIXED ASSETS

2.1 Fixed Assets are stated:
- at historical cost, or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation whilst they are in existence and fit for use.

2.2 Depreciation

The balance shown against the heading "loans redeemed and other capital receipts" in the notes to the balance sheet is tantamout to a provision for depreciation, however, certain structural differences do exist. By way of the "provision" assets are written down over their estimated useful life. Apart from advances from the various Council Funds assets may also be acquired through:
- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and it is therefore unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "loans redeemed and other capital receipts" account.

2.3 Sale of fixed property

All net proceeds from the sale of fixed property are credited to the Land Trust Fund.
Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

2.4 Financing

Fixed assets are financed from different sources including external loans, operating income, endowments and internal advances.
These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the services concerned at the ruling interest rate applicable at the time the advance is made.

3 FUNDS AND RESERVES

3.1 Consolidated Capital Development Fund

The Local Authorities Capital Development Fund Ordinance Number 9 of 1978 requires a minimum contribution of 1% of the defined revenue of the council for the immediate preceding financial year. The council's contribution to the Capital Development Fund for the financial year 2005/2006 amounted to R456,010

ACCOUNTING POLICIES

4 SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of each service are retained in that service for its own use.

5 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services is transferred to the various services.

6 LEASED ASSETS

Fixed assets held under finance leases are capitalized. Such assets are effectively amortised over the term of the lease agreement.

- Lease finance charges are allocated to the accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.
- All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner relating to the period of use of the assets concerned.

7 INVESTMENTS

Investments are shown at a lower of cost or market value if a permanent decline in the value occurred and funds are invested in accordance with Section 125 of the Local Authorities Ordinance 1974 (No. 25 of 1974)

8 INCOME RECOGNITION

8.1 Water Billing

Meters are read on a monthly basis and billed accordingly after the monthly levy run.

8.1 Assessment Rates

General rates are levied based on the property value.
Rebates are granted to State owned property.

BALANCE SHEET
AS AT
30 JUNE 2006

	Note	30-06-2005	30-06-2006
		R	R
CAPITAL EMPLOYED:			
Funds & Reserves		11,847,106	12,603,999
Statutory funds	**1**	10,896,636	11,653,529
Reserves	**2**	950,470	950,470
(Accumulated Defecit) Unappropriated Surplus	**11**	21,593,812	22,928,555
		33,440,918	35,532,554
Long Term Liabilities	**3**	92,881	-
Consumer Deposits	**9**	837,570	957,217
		34,371,369	**36,489,772**
EMPLOYMENT OF CAPITAL:			
Fixed Assets	**4**	877,352	1,029,864
Investments	**5**	10,873,664	10,514,999
		11,751,016	11,544,863
NET CURRENT ASSETS:		22,620,353	24,944,909
Current Assets:		37,419,467	37,266,188
Debtors	**6**	37,374,293	37,261,528
Cash on hand		39,373	4,660
Bank Account		5,801	-
Current Liabilities:		(14,799,114)	(12,321,279)
Provisions	**7**	1,653,692	1,726,902
Short-term portion of Long Term Liabilities	**3**	28,664	36,900
Bank overdraft		-	520,232
Creditors	**8**	13,116,758	10,037,244
		34,371,369	**36,489,772**

INCOME STATEMENT
for the year ended
30 JUNE 2006

2005 ACTUAL INCOME	2005 ACTUAL EXPENDITURE	2005 SURPLUS/ (DEFICIT)		2006 ACTUAL INCOME	2006 ACTUAL EXPENDITURE	2006 SURPLUS/ (DEFICIT)	2006 BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
29,418,223	31,493,133	(2,074,910)	**RATES & GENERAL SERVICES**	40,265,384	39,265,605	999,779	2,075,217
22,626,510	25,224,790	(2,598,280)	Community Services	33,772,030	32,264,294	1,507,736	1,024,524
529,244	2,338,740	(1,809,496)	Susidised Services	466,053	2,585,743	(2,119,689)	2,405,028
6,262,469	3,929,603	2,332,866	Economic Services	6,027,301	4,415,568	1,611,732	(1,354,335)
-	-	-	Housing Services	-	-	-	-
16,182,825	13,561,601	2,621,224	Trading Services	15,334,275	14,757,515	576,761	(2,701,354)
45,601,048	**45,054,734**	**546,314**	**TOTAL**	**55,599,660**	**54,023,120**	**1,576,540**	**(626,137)**
		(865,492)	**Appropriations for the year (refer to note)**			(241,798)	
		(319,178)	**Net Surplus for the year/ (Defecit for the year)**			**1,334,742**	
		21,912,990	**Unappropriated Surplus/ (Defecit) at the beginning of**			21,593,812	
		21,593,812	**Unappropriated Surplus/ (Defecit) at the end of the**			**22,928,554**	

CASHFLOW STATEMENT

for the year ended
30 JUNE 2006

		30-06-2005	30-06-2006
Cash retained from operations:		**92,889**	**2,986,195**
Cash generated by operations	**14**	(96,302)	5,774,788
Investment income	**10**	667,623	92,580
(Increase)/Decrease in operating capital	**15**	(459,916)	(2,847,101)
		111,405	**3,020,267**
Less:			
Interest paid	**10**	(18,516)	(34,072)
Cash Utilised in Investment Operations - Fixed Assets	**4**	(648,463)	(2,146,767)
		(555,574)	**839,427**
Cash effect of financing operations:			
Increase/(Decrease) in long term loans	**16**	(23,708)	(84,644)
(Increase)/Decrease in cash investments	**17**	(751,803)	358,665
(Increase)/Decrease in cash	**18**	219,937	565,406
		(555,574)	**839,427**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	30-06-2005	30-06-2006
1. ACCUMULATED FUNDS:		
Capital Development Fund	7,484,567	7,940,577
Land Trust Fund	3,412,069	3,712,952
(Refer Appendix A)	**10,896,636**	**11,653,529**
2. RESERVES		
Maintenance	709,699	709,699
MHR Fly Fishing Park	240,771	240,771
(Refer Appendix A)	**950,470**	**950,470**
3. LONG TERM LIABILITIES:		
Annuity Loans	69,801	36,900
Loan Fund	51,744	-
	121,545	**36,900**
Less: Short-term portion	28,664	36,900
	92,881	**-**
(Refer Appendix B)		
4. FIXED ASSETS:		
Fixed assets at the beginning of the year	70,068,036	81,715,430
Capital expenditure during the year	11,647,394	6,334,432
Contribution ex operating income	648,463	2,146,767
General capital	10,998,931	4,183,364
Donation		4,300
Less:		
Assets written off, transferred or disposed of during the year	-	-
TOTAL FIXED ASSETS	**81,715,430**	**88,049,862**
Less:		
Loans redeemed and other capital receipts	(80,685,566)	(87,019,998)
Unrealised housing charges	(152,512)	-
NET FIXED ASSETS	**877,352**	**1,029,864**
(Refer to Appendix C)		
5. INVESTMENTS:		
Unlisted		
External	10,873,664	10,514,999
TOTAL INVESTMENTS	**10,873,664**	**10,514,999**

Local Authorities are required to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	30-06-2005	30-06-2006
6. DEBTORS:		
Consumer debtors	37,331,747	42,375,271
Sundry Debtors	70,183	242,449
Grants spent not yet received	1,390,158	2,490,631
Less: Provision for bad debts	(6,596,194)	(10,241,885)
VAT	5,178,399	2,395,061
	37,374,293	**37,261,528**
7. PROVISIONS:		
Leave	1,338,289	1,463,749
General Valuation	44,322	44,322
Election Costs	21,335	21,335
Audit Fees	249,746	197,497
	1,653,692	**1,726,902**
8. CREDITORS:		
Trade Creditors:	1,232,443	1,538,226
Unspent Grants	3,308,521	4,373,938
Debtors received in Advance	486,325	1,421,408
Value Added Tax	8,089,469	1,201,739
Unallocated receipts	-	1,409,434
Sundry	-	92,500
	13,116,758	**10,037,244**
9. CONSUMER DEPOSITS		
Electricity & Water	836,850	957,217
Sundry Deposits	720	-
	837,570	**957,217**
10. FINANCING TRANSACTIONS:		
Interest : Earned (External)	667,623	92,580
Interest : Paid (External)	(18,516)	(34,072)
	649,107	**58,508**

	30-06-2005	30-06-2006
11. APPROPRIATIONS:		
Appropriation Account:		
Unappropriated Surplus at the beginning of the year	21,912,990	21,593,812
Operating Surplus/(Defecit) for the year	546,314	1,576,541
Prior year adjustment	(865,492)	(241,798)
	21,593,812	**22,928,555**
12. COUNCILLORS REMUNERATION		
Mayor's allowance	66767	89,149
Full-time Councillors	154256	133,724
Councillor's allowance	241434	255,312
Pension fund, Medical Aid, Group Life, Subsidies and travel contribution	251236	467,132
	713,693	**945,317**

Actual increase equals 6%. Recommended increase of 6%.

13. REMUNERATION OF SECTION 57 EMPLOYEES

	Municipal Manager	Chief Finance Officer	Other Section 57 Managers
Salaries	267,756	190,909	572,727
Contributions to Pension, UIF and Medical Aid Funds	111,565	79,546	238,638
Motor and Travelling allowances	66,939	47,727	143,181
	446,260	**318,182**	**954,546**

14. CASH GENERATED BY OPERATIONS:		
Surplus / (Deficit) for the year	**546,314**	**1,576,540**
Adjusted for:		
Statutory funds provisions and reserves	871,983	852,863
Contributions to bad debt provision	-	3,645,691
Interest income	(667,623)	(92,580)
Prior year adjustment	(865,492)	(241,798)
Interest paid	18,516	34,072
	(96,302)	**5,774,788**
15. Operating surplus before working capital changes		
(Increase) / Decrease in Debtors	(637,509)	112,765.09
(Increase) / Decrease in other Debtors	1,701	-
(Decrease) / Increase in conditional grants and receipts	-	-
(Decrease) /Increase in Deposits	32,199	119,647.36
(Decrease) /Increase in Creditors	143,693	(3,079,514)
	(459,916)	**(2,847,101)**
Cash Generated by Operations	**(556,218)**	**2,927,687**
16. INCREASE/(DECREASE) IN LONG TERM LOANS (EXTERNAL):		
Loans Raised	-	-
Loans Repaid	(23,708)	(84,644)
(Refer to Appendix B)	**(23,708)**	**(84,644)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	30-06-2005	30-06-2006
17. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS:		
Investments Made	(751,803)	358,665
	(751,803)	**358,665**
18. (INCREASE)/DECREASE IN CASH:		
Cash balance at the beginning of the year	265,111	(45,174)
Less: Cash balance at the end of the year	(45,174)	(520,232)
	219,937	**(565,406)**
19. CAPITAL DEVELOPMENT FUND		
Outstanding advances to borrowing services:-		
Accumulated Fund	7,484,567	7,940,577
Less: External Investments	(5,378,888)	(6,127,195)
	2,105,679	**1,813,382**

(Refer to Appendix A and B for more detail)

APPENDIX A

EMAKHAZENI LOCAL MUNICIPALITY
ACCUMULATED FUNDS, RESERVES, PROVISIONS & TRUST FUNDS

	BALANCE AT 2005-06-30	CONTRIBU-TIONS DURING THE YEAR	INTEREST ON INVESTMENT	OTHER INCOME	OPERATING EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AT 2006-06-30
	R	R	R	R	R	R	R
1. **Statutory Funds**							
Capital Development Fund	7,484,567	456,010	-	-	-	-	7,940,577
Land Trust Fund	3,412,069	300,883	-	-	-	-	3,712,952
Reserve Funds							
Maintenance Electricity	83,025	-	-	-	-	-	83,025
Maintenance Water	283,821	-		-	-	-	283,821
Maintenance Sewerage	142,901	-		-	-	-	142,901
Maintenance General	199,952	-	-	-	-	-	199,952
MHR Fly Fishing Park	240,771	-	-	-	-	-	240,771
Provisions							
Provision for Bad Debts	6,596,194	3,645,691	-	-		-	10,241,885
Provision for Leave Pay	1,338,289	621,057	-	-	495,598	-	1,463,749
General Valuation	44,322	-	-	-	-		44,322
Election Expenditures	21,335	-	-	-	-	-	21,335
Audit Fees	249,746	187,000		-	239,249	-	197,497
Sub-Total	**20,096,992**	**5,210,642**	**-**	**-**	**734,847**	**-**	**24,572,786**

APPENDIX B

EMAKHAZENI LOCAL MUNICIPALITY
EXTERNAL LOANS AND INTERNAL ADVANCES

Date Issued	Current Fin. Institution	Interest Rate	Original Amount	Maturity / Redeemable	Balance at 30 June 2005	Received during the year	Redeemed or Written off during the year	Balance at 30 June 2006
External Loans					**R**	**R**	**R**	**R**
	Metropolitan Asset Managers		63,400.00	31 May 2006	3,072.00	-	3,072.00	-
	INCA		30,284.59	31 July 2006	7,763.51		6,079.24	1,684.27
						-		-
July 1-1978	DBSA - 11295	11.25	146,000.00	31 July 2006	46,753.09		46,753.09	-
								-
July 1-1979	DBSA - 11296	10.25	71,000.00	31 July 2006	16,643.20	-	16,643.20	-
						-		-
July 1-1993	DBSA - 13108	15.26	70,000.00	31 July 2006	47,313.06	-	12,096.90	35,216.16
					121,544.86	**-**	**84,644.43**	**36,900.43**
Internal Advances:								
CAPITAL DEVELOPMENT FUND								
-Main Substation					223,740	-	12,762	210,978
-Upgrade Pool Tanker					-	-	5,166	(5,166)
-Nissan LAW					-	-	-	-
- Upgrade Electrical Network					10,886	-	4,712	6,174
-Tractor (FORD)					17,372	-	7,520	9,852
D. ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE					44	-	882	(838)
YEAR ENDED 30 JUNE 2005					10,695	-	4,629	6,066
- Backactor (TLB)					6,773	-	2,932	3,841
E. DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005					16,043	-	6,944	9,099
-Trailor					4,990	-	2,161	2,829
- Massey Furgeson Tractor					17,824	-	7,716	10,108
- Massey Furgeson Tractor					16,755	-	7,253	9,502
-Nissan LAW					-	-	-	-
- Shed					137,803	-	4,298	133,505
- Hydrolic Lift					3,141	-	2,398	743
- Tar Joubert Street					70,808	-	7,504	63,304
- Equipment - Parks					345,600	-	38,400	307,200
- Equipment - Cleansing					404,676	-	44,964	359,712
- Equipment - Electricity					323,902	-	35,989	287,913
- Vehicle - Mayor					178,650	-	19,850	158,800
- Vehicle - Traffic					90,602	-	10,066	80,536
- Equipment - Public Works					202,076	-	22,452	179,624
Land Trust Fund								
-Tourism Fase 1 & 2					23,299	-	43,699	(20,400)
					2,105,679	**-**	**292,297**	**1,813,382**

APPENDIX C

EMAKHAZENI LOCAL MUNICIPALITY
ANALYSIS OF FIXED ASSETS

Expenditure 2004/2005	SERVICE	Budget 2005/2006	Balance at 30-06-2005	Expenditure 2005/2006	Written off, transferred or disposed of during the year	Balance at 30-06-2006
5,887,850	**RATES & GENERAL SERVICES:**	**5,921,032**	**53,817,205**	**2,643,797**	**-**	**56,461,003**
2,992,260	**COMMUNITY SERVICES:**	2,648,032	27,947,762	1,169,786	-	29,117,548
-	Assessment	-	-	-	-	-
-	Health Services	600,000	64,788	41,010	-	105,798
-	Forestry	-	12,500	-	-	12,500
2,266,618	Public Works	-	20,933,953	-	-	20,933,953
-	Management Services	212,000	143,725	196,013	-	339,738
645,782	Council's General	639,632	4,783,335	639,632	-	5,422,968
-	Planning, Environment & Housing	1,047,300	287,649	150,795	-	438,444
-	Economic and Social Services	-	17,568	-	-	17,568
48,709	Municipal Manager	81,000	48,709	74,765	-	123,474
31,151	Finances/Treasurer	68,100	465,336	67,572	-	532,908
-	Town Clerk	-	480	-	-	480
-	Town Estate	-	628,034	-	-	628,034
-	Workshop	-	368,805	-	-	368,805
-	Cemetery	-	190,972	-	-	190,972
-	Registration Authority	-	-	-	-	-
-	Stores	-	1,908	-	-	1,908
-	**SUSIDISED SERVICES:**	1,273,000	7,459,765	489,415	-	7,949,180
-	Market	-	451,116	-	-	451,116
-	Library	-	42,118	-	-	42,118
-	Fire Protection	-	15,777	-	-	15,777
-	Traffic	-	272,732	-	-	272,732
-	Civil Building	3,000	4,377,379	2,268	-	4,379,647
-	Abbatoir	-	-	-	-	-
-	Sport & Recreation	1,200,000	2,106,722	421,347	-	2,528,069
-	Parks & Pavements	70,000	129,074	65,800	-	194,874
-	Swimming Pool	-	64,847	-	-	64,847

APPENDIX C

Expenditure 2004/2005	SERVICE	Budget 2005/2006	Balance at 30-06-2005	Expenditure 2005/2006	Written off, transferred or disposed of during the year	Balance at 30-06-2006
2,895,590	**ECONOMICAL SERVICES:**	**2,000,000**	**18,409,678**	**984,596**	**-**	**19,394,275**
363,316	Cleansing	-	384,478	-	-	384,478
-	Licencing	-	-	-	-	-
-	Holiday Resort	-	-	-	-	-
2,532,274	Sewerage	2,000,000	18,025,200	984,596	-	19,009,797
5,759,544	**TRADING SERVICES:**	**6,453,915**	**27,898,225**	**3,690,634**	**-**	**31,588,859**
1,991,545	Electricity	1,000,000	14,822,814	1,064,009	-	15,886,823
3,767,999	Water	5,453,915	13,075,411	2,626,626		15,702,037
-	**HOUSING:**	**-**	**-**	**-**	**-**	**-**
-	Housing	-	-	-	-	-
11,647,394	**TOTAL FIXED ASSETS**	**12,374,947**	**81,715,430**	**6,334,432**	**-**	**88,049,862**

APPENDIX C

SERVICE	Balance at 30-06-2005	Expenditure 2005/2006	Written off, transferred or disposed of during the year	Balance at 30-06-2006
LESS:				
LOANS REDEEMED AND OTHER CAPITAL RECEIPTS:	**80,685,566**	**6,334,432**	**-**	**87,019,998**
	80,685,566	**6,334,432**	**-**	**87,019,998**
Loans redeemed & Advances	3,138,923	-	-	3,138,923
Contribution ex operating income	7,721,609	2,146,767	-	9,868,376
General Capital-ward 2	105,557	-	-	105,557
General Capital	64,186,493	4,183,364	-	68,369,857
Donations	5,532,984	4,300	-	5,537,284
				-
NET FIXED ASSETS	**1,029,864**	**-**	**-**	**1,029,864**

APPENDIX D

EMAKHAZENI LOCAL MUNICIPALITY
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED
30 JUNE 2006

	2005 ACTUAL R		2006 ACTUAL R	2006 BUDGET R
		INCOME		
	7,685,292	Grants and subsidies	11,071,376	10,860,689
	7,254,100	Assessment Rates	7,380,085	7,300,000
	11,055,790	Sale of Electricity	10,232,479.81	12,071,177.00
	5,127,035	Sale of Water	4,917,167.56	4,967,133.00
	-	Refuse Removal Services	2,706,996	3,054,866
	-	Sewerage Services	3,273,240	3,538,766
	14,478,831	Other Income	16,018,315	22,838,621
	45,601,048		**55,599,660**	**64,631,252**
		EXPENDITURE		
	17,539,050	Wages and allowances	19,627,421	21,139,705
	17,827,811	**General Expenses:**	24,151,808	29,621,328
	-	* Bulk water purchases	-	-
	7,682,749	* Bulk electricity purchases	8,922,777	7,976,171
	10,145,062	* Other general expenses	15,229,030	21,645,157
		General Expenses not classified	-	-
	2,923,957	Repairs and maintenance	2,793,318	5,348,668
	574,954	Capital Charges	93,164	76,652
D.	648,463	Contributions to Fixed Assets	2,146,767	7,818,762
	5,540,500	Contributions to Funds	5,210,642	-
E.	**45,054,735**	**Gross Expenditure**	**54,023,120**	**64,005,115**
		Less: Amounts charged out	-	-
	45,054,735	**Net Expenditure**	**54,023,120**	**64,005,115**

APPENDIX E

EMAKHAZENI LOCAL MUNICIPALITY
DETAILED INCOME STATEMENT
for the year ended
30 JUNE 2006

2005 ACTUAL INCOME R	2005 ACTUAL EXPENDITURE R	(DEFICIT) R		2006 ACTUAL INCOME R	2006 ACTUAL EXPENDITURE R	2006 SURPLUS/ (DEFICIT) R	2006 BUDGET SURPLUS/ (DEFICIT) R
29,418,223	**31,493,133**	**(2,074,910)**	**RATES & GENERAL SERVICES**	**40,265,384**	**39,265,605**	**999,779**	**2,075,217**
22,626,510	**25,224,790**	**(2,598,280)**	**COMMUNITY SERVICES**	**33,772,030**	**32,264,294**	**1,507,736**	**1,024,524**
7,254,100	-	7,254,100	Assessment Rates	7,380,085	-	7,380,085	(7,300,000)
20,951	51,251	(30,300)	Cemetry	20,801	35,396	(14,596)	214,839
906,000	234,393	671,607	Forestry	435,000	185,001	249,999	258,912
-	-	-	Social Development	4,059	589,597	(585,538)	629,895
3,620	895,463	(891,843)	Health Services	210,863	1,175,515	(964,652)	1,453,375
62,917	4,849,488	(4,786,571)	Public Works	918,103	4,839,275	(3,921,173)	4,786,089
-	-	-	Urban Development	-	531,186	(531,186)	625,497
865,822	8,686,473	(7,820,650)	Council's General	907,764	7,194,226	(6,286,461)	9,450,299
-	-	-	Administration / Management Services	-	3,145,211	(3,145,211)	3,420,231
7,165,302	1,129,264	6,036,038	Municipal Manager	11,071,386	1,882,713	9,188,673	(8,043,585)
529,573	3,137,575	(2,608,002)	Finance / Treasurer Finance	320,110	3,688,748	(3,368,638)	2,736,954
5,818,225	4,437,159	1,381,066	Traffic & Licencing	12,503,858	8,830,687	3,673,172	(7,466,627)
-	208,416	(208,416)	Workshop	-	166,738	(166,738)	258,645
-	1,592,808	(1,592,808)	Town Secretary	-	-	-	-
-	2,500	(2,500)	Stores	-	-	-	-
529,244	**2,338,740**	**(1,809,496)**	**SUBSIDISED SERVICES**	**466,053**	**2,585,743**	**(2,119,689)**	**2,405,028**
-	-	-		-	-	-	-
10,508	338,822	(328,314)	Library	11,211	368,751	(357,541)	377,714
310	51,251	(50,941)	Fire Services	(1,711)	74,587	(76,298)	81,400
456,985	402,631	54,353	Civil Buildings	455,088	307,677	147,411	(102,480)
2,506	21,101	(18,595)	Swimming Pool	628	10,973	(10,345)	23,329
58,936	1,524,935	(1,466,000)	Parks & Pavements & Grounds	838	1,823,755	(1,822,917)	2,025,065

APPENDIX E

2005 ACTUAL INCOME R	2005 ACTUAL EXPENDITURE R	2005 SURPLUS/ (DEFICIT) R		2006 ACTUAL INCOME R	2006 ACTUAL EXPENDITURE R	2006 SURPLUS/ (DEFICIT) R	2006 BUDGET SURPLUS/ (DEFICIT) R
6,262,469	**3,929,603**	**2,332,866**	**ECONOMICAL SERVICES**	**6,027,301**	**4,415,568**	**1,611,732**	**(1,354,335)**
3,334,573	1,849,331	1,485,242	Sewerage	3,283,700	1,974,504	1,309,196	(1,078,623)
-	-	-	Parks Chalets	35,739.20	223,252	(187,512)	165,759
2,927,897	2,080,272	847,624	Cleansing Service	2,707,861.90	2,217,813	490,049	(441,471)
-	**-**	**-**	**HOUSING SERVICES**	**-**	**-**	**-**	**-**
-	-	-	Housing	-	-	-	-
16,182,825	**13,561,601**	**2,621,224**	**TRADING SERVICES**	**15,334,275**	**14,757,515**	**576,761**	**(2,701,354)**
11,055,790	11,081,497	(25,707)	Electricity	10,345,666	12,104,799	(1,759,132)	(1,000,039)
5,127,035	2,480,104	2,646,931	Water	4,988,609	2,652,716	2,335,893	(1,701,315)

APPENDIX E

2005 ACTUAL INCOME R	2005 ACTUAL EXPENDITURE R	2005 SURPLUS/ (DEFICIT) R		2006 ACTUAL INCOME R	2006 ACTUAL EXPENDITURE R	2006 SURPLUS/ (DEFICIT) R	2006 BUDGET SURPLUS/ (DEFICIT) R
45,601,048	**45,054,734**	**546,314**	**TOTAL**	**55,599,660**	**54,023,120**	**1,576,540**	**(626,137.22)**
		(865,492)	Appropriations for the year			(241,798)	
		(319,178)	Net Surplus / (Deficit) for the year			**1,334,742**	
		21,912,990	Unappropriated Surplus / (Deficit) at the beginning of the year			21,593,812	
		21,593,812	Unappropriated Surplus / (Deficit) at the end of the year			**22,928,554**	

EMAKHAZENI LOCAL MUNICIPALITY
for the year ended
30 JUNE 2006

APPENDIX F

STATISTICAL INFORMATION	2005	2006
ELECTRICITY		
Number of consumers (Commercial & Residential)	10710	10720
Units bought ("000 kWh) per annum	22801938	26913122
Cost per unit bought ®	0.33c	0.33c
Units generated by municipality ('000 kWh) per annum	0	0
Cost per unit generated ®	0	0
Units sold	20233733	22238720
Cost per unit sold	0.41c	0.40c
Units lost in distribution ('000 kWh) per annum	0	0
Units distributed as a free basic service ('000 kWh) per annum	1481750	2695580
Number of pre-paid meters installed	5259	6027
WATER		
Number of consumers (Commercial & Residential)	10710	10720
Units sold	1618344	2029827
Cost per kl sold	R 2.05	R 2.42
Units distributed as a free basic service kl per annum	771120	771840
SEWERAGE AND SANITATION		
Number of consumers units using	10710	10720
Flush toilets connected to a public sewerage system	10710	10720
GENERAL STATISTICS		
Population	43007	43007
Surface area in hectares	52730	52730
Valuation of taxable and non-taxable property		
Number of employees	250	272